



J. Scott Day, Commissioner
Steve Dechant, Commissioner
Ken Selzer, Commissioner
Heather Young, Commissioner
Sarah L. Shipman, Chair

Kansas State Employees Health Care Commission

Sam Brownback, Governor

Kansas State Employees Health Care Commission
August 28, 2017, 1:30 p.m.
KPERS Boardroom, 611 S. Kansas Avenue, Topeka, Kansas

CALL TO ORDER

The Kansas State Employees Health Care Commission (HCC) meeting was called to order on August 28, 2017, at 1:30 p.m. in the KPERS Boardroom, 611 S. Kansas Avenue, Topeka, Kansas. The following persons were present: Commissioners Sarah L. Shipman (Chair), J. Scott Day, Steve Dechant, Heather Young and Ken Selzer. John Yearly, Chief Counsel of the Department of Administration, and Mike Michael from the Division of Health Care Finance (HCF) within the Kansas Department of Health and Environment (KDHE), were also in attendance.

ACTION ITEMS

1. Approval of Minutes

Chair Shipman asked for approval of the minutes of the June 5, 2017, meeting.

It was moved by Commissioner Selzer and seconded by Commissioner Day to approve the minutes of the June 5, 2017, meeting with this amendment on page 4, section E, 2nd paragraph – The motion failed 2-1, not 2-0. Motion to approve the minutes as amended passed 4-0.

2. Approval of Transparency Decision Making Tools

Request for Proposal EVT0004979 for Transparency Decision Making Tools was released on March 24, 2017, and closed May 2, 2017. Five bids were received but one of the bids was determined non-compliant by the Department of Administration and this decision was affirmed by the health plan, so the bid was not considered. After review of the other four vendors' responses, three (3) vendors were invited to further negotiation meetings. Following the meetings, the vendors were asked to provide additional information to clarify their bids, and their best and final pricing.

The Transparency Tool is a service provided for State Employee Health Plan (SEHP) benefits eligible employees and their dependents at no charge. Transparency Tools are designed to encourage members to make high quality, cost effective health care decisions. Three years ago when we originally offered the medical transparency tool for medical services, neither of the health plan's administrators offered a robust medical transparency tool for members. Today, Aetna and Blue Cross Blue Shield both offer robust transparency tools for shopping for health care services.

Recommendation

Staff recommends that a three (3) year contract for Transparency Tools be awarded to Rx Savings Solutions.

Chair Shipman asked for approval of the contract for Transparency Decision Making Tools.

It was moved by Commissioner Selzer and seconded by Commissioner Day to approve the Transparency Decision Making Tools contract. Motion passed 4-0.

3. Approval of Audit Services Contract

A Request for Proposal EVT0004992 for an audit firm to provide ongoing auditing services for the State Employee Health Plan (SEHP) was released on March 23, 2017, and closed on May 9, 2017. Auditing services requested would include a claims audit of the self-funded medical, pharmacy and dental programs as well as a pharmacy rebate audit, focused dependent eligibility auditing services to ensure the SEHP is only covering eligible spouses and any associated dependents, and a premium reconciliation audit. All proposals submitted were analyzed and three bidders were invited in for negotiations.

Periodic audits are part of the best practice for management for self-funded programs. In reviewing these proposals, the SEHP was focused on obtaining the services of an audit firm experienced in performing claim audits and also with knowledge and experience in reviewing transparent pharmacy arrangements to include an audit of pharmacy rebate arrangements. In addition, the SEHP requires the services of a firm with experience doing ongoing dependent eligibility reviews and ASO contracts. Based on the review of the bids and the best and final cost proposals, CTI offered the lowest overall bid for the recommended audits.

Recommendation

Staff recommends that a three (3) year contract be awarded to CTI for audit services.

Chair Shipman asked for approval of the Audit Services Contract.

A motion was presented by Commissioner Dechant to approve the award of a three-year contract for audit services to CTI. Commissioner Young seconded the motion. The motion passed 4-0.

4. Approval of the 2018 Medicare Advantra Plan Design and Rates

Medicare Advantra plans provide Medicare Part A, Part B and sometimes Part D prescription drug benefits and the member's supplemental coverage all in one. The plans commonly provide benefits that are not available under traditional Medicare. Direct bill members currently have the option of selecting the fully insured Medicare Advantra (Part C) options, Coventry Advantra Freedom or Coventry Advantra Liberty. Coventry Advantra programs are offered with Coventry's standard Part D drug coverage or with the option to select the Aetna Part D plan.

Coventry Advantra advised us of a few changes in the plan design due to changes in CMS requirements.

- ER visit from \$50 to \$80 copay
- The Skilled Nursing copay will change from \$160.00 to \$167.50 for 21-100 days

- 3D mammograms will be covered under preventative and diagnostic previously applied to deductible and coinsurance.

For 2018, the rates will include the Health Insurance Fee (HIF) which is part of the Patient Protection and Affordable Care Act. The HIF is part of legislation passed by Congress and will apply for 2018. The HIF for the Freedom plan is \$30 and for the Liberty plan the HIF is \$32.

Recommendations

Staff recommends accepting the Freedom and Liberty plan design changes and rates for 2018.

Chair Shipman asked for approval of the 2018 Medicare Advantra Plan Design and Rates.

Commissioner Dechant moved and Commissioner Selzer seconded a motion to approve the 2018 Medicare Advantra Plan Design and Rates. The motion passed 4-0.

5. 2018 Medicare Part D Prescription Drug Rates

Direct Bill members that are Medicare eligible have the option of purchasing a fully insured Employer Group Waiver Program (EGWP) Medicare Part D plan in addition to their State Employee Health Plan Medicare Supplement or Advantage plan coverage.

The EGWP plan offers coverage not traditionally available in the open market, including an expanded formulary, no front end deductible and limited coverage for prescription drugs through the coverage gap also referred to as the donut hole. Based upon the Centers for Medicare and Medicaid Services (CMS) rules, those direct bill members who elect the Medicare Advantage option have the option of purchasing either the Medicare Advantage plan standard Part D drug coverage or the Aetna EGWP Part D plans. Those members who elect the Senior Plan C Medicare Supplement policy may elect one of the Aetna EGWP Part D plans or elect to purchase a Medicare Part D plan available in the open market. As of July 1, 2017, of the 9,233 direct bill members enrolled in Medicare plan options, 2,930 of them have elected to enroll in one of the two Aetna Part D plans.

For 2018, the rates will include the Health Insurance Fee (HIF) which is part of the Patient Protection and Affordable Care Act. The HIF is part of legislation passed by Congress and will apply for 2018. The HIF for the Premier plan is \$6.26 and for the Liberty plan the HIF is \$3.04.

Recommendations

Staff recommends approval of the 2018 fully insured Aetna Part D EGWP rates for the Medicare Part D prescription drug plans at \$179.26 PMPM for the Premier Option and \$87.72 PMPM for the Value Option.

Chair Shipman asked for approval of the 2018 Medicare Part D Prescription Drug Rates.

Commissioner Dechant moved and Commissioner Day seconded a motion to approve the 2018 Medicare Part D Prescription Drug Rates. The motion passed 4-0.

REPORTS

1. Finance Report

The Finance Report was presented by Segal and discussion was held regarding the statement of operations, projected reserve calculation, and the variance report.

DISCUSSION ITEMS

1. Engaged Active Enrollment Update – Moving to Plan N

For 2018, members must actively make their elections for coverage. If no election is made, the member will be defaulted to Plan N with an HRA. This is in keeping with IRS guidelines.

2. On-site State Employee Health Clinic – Senate Sub. For House Bill 2002

The proviso allows for \$2.7 million dollars for expenditures to procure the services of the vendor to establish the clinic. The construction or renovation of the premises shall not exceed \$500,000. The proviso directs these funds to be paid from the SEHP funds. The Invitation for Bid (IFB) will be released by mid-September. Space has been located in the Landon Building to house the clinic.

FUTURE MEETINGS

The next meeting is scheduled for Tuesday, December 12, 2017, at 1:30 p.m. in the KPERS Boardroom, 611 S. Kansas Avenue, Topeka, Kansas.

Chair Shipman adjourned the meeting at 2:37 p.m.